

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK APPLICATION No. 2302740  
BY TAPLANES LIMITED  
TO REGISTER A TRADE MARK IN CLASS 11**

**AND IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 92368  
BY SANIFLO LIMITED**

**AND IN THE MATTER OF AN APPEAL  
TO THE APPOINTED PERSON  
BY THE OPPONENT  
AGAINST THE DECISION OF MR. G. W. SALTHOUSE  
DATED 1 SEPTEMBER 2005**

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**DECISION**

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**Background**

1. This is an appeal against a decision of Mr. George W. Salthouse, the Hearing Officer acting on behalf of the Registrar, dated 1 September 2005 (BL O/242/05) in which he rejected an opposition against UK Trade Mark Application No. 2302740 in the name of Taplanes Limited (“the Applicant”) brought under section 5(4)(a) of the Trade Marks Act 1994 (“the TMA”). Section 5(4)(a) states that:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or
- (b) ...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

2. Application No. 2302740 has a filing date of 13 June 2002. Registration of the trade mark DELTA is sought in Class 11 for shower cubicles. The Hearing Officer noted that the Applicant claimed honest concurrent use with Registration Nos. 312987, 1020511 and E2206837, which in fact play no part in these proceedings.

3. On 18 March 2004, Saniflo Limited (“the Opponent”) filed notice of opposition against the application. The sole ground of opposition was that by virtue of an earlier right coming into existence in around 1998 when the Opponent started trading under the trade mark DELTA in relation to shower cubicles as part of its BLANC range of products, use in the UK of the Applicant’s mark at the application date was liable to be prevented by the law of passing off.
4. In the counterstatement, the Applicant took issue with the ground of opposition under section 5(4)(a), relying itself on unregistered rights in the trade mark DELTA for shower cubicles, which pre-dated those claimed by the Opponent.
5. Both sides filed evidence and written submissions but because neither party wished to be heard, the Hearing Officer decided the opposition on the basis of the papers before him.

#### **Evidence in support of the opposition**

6. The evidence in support of the opposition consisted of a witness statement of Paul Geoffrey Harry Newson, dated 20 September 2004. Mr. Newson is the Managing Director of Saniflo Limited. He states that he has been a director of the company since its incorporation (as Transbyn Limited) in 1979 as part of Groupe SFA by which it is wholly owned. He explains that as part of the Groupe SFA, his company has traded under the “umbrella trading styles” BLANC and KINEDO but always in conjunction with the name Saniflo Limited. Mr. Newson exhibits background information on his company none of which is strictly relevant to these proceedings and which mainly relates to small-bore sanitary systems sold under various SANI- marks. Mr. Newson says that his company first started trading in showers and shower-related products in 1996 and decided to introduce a shower cubicle range under the name DELTA in 1999. Mr. Newson exhibits an invoice for the design and production of 50,000 brochures to include a “Delta pic” and text. The invoice is dated 24 March 1999. Mr. Newson says that the launch followed shortly afterwards with brochures being delivered typically to builders’ merchants, wholesale bathroom distributors and bathroom retailers. There is a copy of the original brochure under the house mark BLANC. There is also a copy press release, which reads “Delta is a value for money cubicle with double doors in marbled acrylic ...”. Mr. Newson says that the press release was issued shortly after March 1999. Mr. Newson exhibits a selection of invoices to various outlets in different parts of the UK for shower cubicles dating from June 1999. A number of invoices up to June 2002 include the sale of Delta cubicles (others do not). Yet again, a number of invoices are after the application date. Mr. Newson recounts that the brochure needed reprinting in 1999 and 2000. He exhibits an invoice (July 1999) and estimate (October 2000) as confirmation. He also exhibits a page from Building Products Magazine, February 2002, which includes an article entitled “Self-contained cubicles take well to university life”. There is a picture of a shower cubicle and the commentary states: “Students at Wrexham University can enjoy the luxury of Blanc Delta cubicles fitted within en-suite shower rooms ... With

double doors in marbled acrylic, the Delta is hardwearing, compact and easy to clean.” Mr. Newson gives the following annual sales for his company’s DELTA product:

<u>Year</u>	<u>Units sold</u>	<u>Value (£)</u>
1999	233	44,730
2000	651	123,840
2001	1332	246,930
2002	1118	212,310

Mr. Newson adds that as well as launching the DELTA shower at the Kitchens Bathrooms and Bedrooms exhibition 1999, his company’s literature featuring the DELTA shower would have been available at the KBB 2000 and EXPO 2001.

7. On the basis of the evidence in support of the opposition, the Hearing Officer held that the Opponent had made out its assertion that it had goodwill and reputation at the date of the application, 13 June 2002. He additionally found that the Opponent had provided fully corroborated evidence, which showed that the Opponent had used its DELTA mark on shower cubicles throughout the UK since March 1999. The Hearing Officer noted that the Applicant had not sought to question the Opponent’s assertion. Likewise, the Applicant has not chosen to challenge any of the Hearing Officer’s findings on appeal.

#### **Evidence in support of the application**

8. This comprised a witness statement of Andrew Wilkinson, dated 21 December 2004. Mr. Wilkinson is a director of the Applicant, a position he has held since 1998. His evidence derives from his own personal knowledge and the records of the Applicant. Mr. Wilkinson says that the Applicant first started using DELTA for shower cubicles in the UK in 1996. In order to demonstrate use of the mark as applied for, he attaches ten exhibits, which he lists as follows:

- “i) Exhibit AW1.1 Includes a product information leaflet dated 10 June 1996 giving details of the Taplanes DELTA shower cubicle. The leaflet clearly illustrates that in 1996, the Applicant was using the word DELTA as a trade mark for their shower cubicle;
- ii) Exhibit AW1.2 includes a product information leaflet from 2001 giving details of the DELTA shower cubicle;
- iii) Exhibit AW1.3 includes an example of advertising literature used in 1997 bearing the trade mark DELTA;
- iv) Exhibit AW1.4 includes advertising literature which appeared in the magazine, the Irish Builder on 3 November 1997;

- v) Exhibit AW1.5 includes literature showing the Taplanes Limited exhibition stand at Healthcare 2001 (Technology and Estates Exhibition) in London;
- vi) Exhibit AW1.6 includes installation instructions for the DELTA shower cubicle dated 1 February 1999;
- vii) Exhibit AW1.7 includes a customer order dated 13 January 1997 for ten units of the Taplanes DELTA shower cubicle;
- viii) Exhibit AW1.8 includes invoices for the year 1997, detailing 93 orders placed for the DELTA shower cubicle;
- ix) Exhibit AW1.9 includes customer identity information relating to the DELTA shower cubicle for 1998 and 1999. Quantities of anticipated sales of the DELTA cubicle are highlighted; and
- x) Exhibit AW1.10 includes sales figures for the Taplanes DELTA shower cubicle over the periods 1999-2000 and 2000-2001.”

Mr. Wilkinson gives approximate turnover figures for goods sold by the Applicant under the DELTA mark in the six years preceding the application:

Year	Turnover
1996-1997	£113,000
1997-1998	£60,000
1998-1999	£70,000
1999-2000	£75,000
2000-2001	£85,000
2001-2002	£100,000

Mr. Wilkinson lists several towns and cities in England, Scotland and Wales where the Applicant’s DELTA mark has been used on the goods applied for and he states that a total of £40,000 has been spent on promoting the mark DELTA.

9. The Hearing Officer gave the following assessment of the evidence in support of the application:

“18) For their part the applicant claims that it began use of its DELTA mark on shower cubicles in June 1996. The evidence for this use is not as well corroborated as that of the opponent. Exhibit AW1.1 could easily be seen as an internal document, in any case the applicant has not stated what use it was put to and whether it was widely distributed. Other evidence is not dated (exhibit AW1.3), relates to advertising outside the UK (exhibit AW1.4), is before the relevant date but after the opponent’s first use in March 1999 (exhibits AW1.2, 1.5 & 1.10) or is based on speculation (exhibit AW1.9).

19) The applicant is left relying upon exhibits AW1.6-1.8. Of these exhibit AW1. 8 is the most persuasive as one of the other documents (AW1.7) is an internal document whilst the other (AW1.6) could easily be viewed as such as no details have been given as to the distribution of the item. Thus the applicant's case relies upon the assertions made in Mr. Wilkinson's statement corroborated by the series of invoices at exhibit AW1.8. These invoices show sales of a large number of shower cubicles referred to by the mark in suit during the period 24 February 1997-26 November 1997. However, all except two were to the same construction company and related to the same project at the University of Central England, as revealed by the submissions. The other two invoices related to sales of one shower cubicle each. The opponent contends that this limited use (in terms of geography, time and quantity) cannot constitute grounds for passing off. Whilst the evidence is not the most compelling ever laid before the Registry I believe that it is just sufficient to warrant that within the Midlands area, at least, the applicant had goodwill in 1997. This would have been enough to prevent the opponent from registering their mark unless geographically restricted as of 1998 (see *Chelsea Man Menswear Ltd v Chelsea Girl Ltd* [1987] RPC 189)."

10. Mr. Brandreth, appearing as counsel on behalf of the Applicant, observed that the Hearing Officer was a little harsh in his assessment of the Applicant's evidence. In particular, the Hearing Officer seemed to concentrate on each exhibit separately without considering the Applicant's evidence<sup>1</sup> as a whole. Nevertheless, there is no cross-appeal by the Applicant and Mr. Brandreth acknowledged that there is no identifiable error in the Hearing Officer's assessment of the Applicant's evidence.

#### **The Hearing Officer's decision under section 5(4)(a)**

11. The Hearing Officer followed the approach set out by Mr. Geoffrey Hobbs Q.C. (in turn referring to *Halsbury's Laws of England* (4<sup>th</sup> Edition) Vol. 48 (1995 reissue) at paras. 165, 184 - 188) sitting as the Appointed Person in *WILD CHILD Trade Mark* [1998] RPC 455. The Hearing Officer observed that the relevant date for determining the criteria of section 5(4)(a) was the date of the application for the mark in suit or the date of commencement of the acts complained of (*Cadbury Schweppes Pty Ltd v The Pub Squash Co Pty Ltd* [1981] RPC 429). He referred to a passage in the judgment of Pumfrey J. in *REEF Trade Mark* [2002] RPC 387 at 400 concerning the adequacy of evidence of reputation in Registry proceedings under section 5(4)(a). The correctness of the decision thus far is accepted.
12. Having found that the Opponent had shown use of DELTA on shower cubicles in the UK since March 1999 but that the Applicant's use of the mark in suit predated that, the Hearing Officer continued:

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<sup>1</sup> Including the witness statement of Mr. Wilkinson, which was accompanied by a statement of truth and went unchallenged by the Opponent.

“20) Turning to the issue of misrepresentation it is the applicant’s position that, notwithstanding the opponent’s goodwill, the applicant was the first to use the mark on the goods concerned and that they had built up their own goodwill since the mark was first used in 1996.

21) The following passage taken from “The Law of Passing-Off” by Christopher Wadlow (paragraph 7.18) deals with the issue of antecedent rights:

“The definition of passing-off in terms of misrepresentation makes it necessary to deal with the case where the defendant claims to have anticipated the plaintiff in the course of conduct complained of. As the tort was formerly understood, it would normally be said that the indicia in issue could not be distinctive of the plaintiff if they were already in use by another, but this is not necessarily true. If the senior user in time is a small or local business, and the junior user a large one advertising heavily, then the public may soon come to associate the indicia in question so strongly with the larger party as to lead to the belief that the senior user is the interloper. It is self-evident that the senior user is entitled to continue with the conduct which was innocent at its inception notwithstanding it might later be said to convey a misrepresentation to the majority of the public. Thus, in *Stacey v. 2020 Communications* the evidence was that customers confused the plaintiff’s small but longer established business for a branch of the defendants. Millet J., though refusing the plaintiff an interlocutory injunction, pointed out that the defendants plainly could not prevent the plaintiff from continuing to use the name 2020, nor could they complain about third-party recommendations intended for them, which accidentally benefited the plaintiff instead. However it is not legitimate for the defendant to expand from his existing business into a different field already occupied by the plaintiff, or to recommence an abandoned business under a name or mark which has meanwhile become distinctive of the plaintiff.”

22) I consider that the applicant’s use was not passing off when it commenced and that he has established himself as the senior user. In such circumstances it seems to me that there could be no legitimate complaint about the applicant continuing with conduct which was innocent in its inception. The continued use would not constitute a misrepresentation in these circumstances.

23) To my mind, this is a classic example of concurrent goodwill. The applicant has clearly been targeting construction projects for institutions such as hospitals, universities and prisons whilst the opponent has been selling to builders’ merchants who in turn sell single units to householders. Such a position was commented upon by

Oliver L.J. in *Habib Bank Ltd v Habib Bank AG Zurich* [1982] RPC 1 at 24:

“Where you find that two traders have been concurrently using in the United Kingdom the same or similar names for their goods or businesses, you may well find a factual situation in which neither of them can be said to be guilty of any misrepresentation. Each represents nothing but the truth, that a particular name or mark is associated with his goods or business.”

24) I am fortified in these views by the recent decision of Mr G Hobbs Q.C. acting as the Appointed Person in the *Croom* case BL O/120/04.

25) Therefore even if there is confusion, there is no misrepresentation. The ground of opposition under section 5(4)(a) therefore fails.”

### **The appeal**

13. On 28 September 2005, the Opponent filed notice of appeal to an Appointed Person under section 76 TMA. It is accepted that the appeal is by way of review and not rehearing and this tribunal should show a reluctance to interfere in the decision of the Hearing Officer in the absence of an error of principle (*REEF Trade Mark* [2003] RPC 101, CA).
14. The first ground of appeal is that the Hearing Officer erred in finding that the Applicant had on the evidence succeeded in establishing even a localised goodwill in DELTA for shower cubicles prior to the Opponent's user. Mr. Malynicz who appeared as counsel for the Opponent, stressed that the first ground of appeal did not concern the Hearing Officer's assessment of the Applicant's evidence as such but instead the sufficiency of that evidence to lead to a finding of protectable goodwill in March 1999. He referred me to the cases of *Hart v Relentless Records* [2003] FSR 36 and *Sutherland v V2* [2002] EWHC 14 as indicating the line to be drawn between non-protectable and protectable goodwill. He suggested that the goodwill alleged to exist here was at an even lower level than that in the *Hart* case. In the *Hart* case, the claimant company did not trade. It merely distributed some “white label” or promotional records, which turned out to be flops. In my view, the *Hart* case is incomparable. Even if investigation is limited to AW1.8, the invoices show numerous sales of DELTA shower cubicles in the period 24 February – 30 August 1997 from the Applicant (based in Harrogate) to J.S Wright & Co. Ltd, Birmingham. The latter appears to be a main contractor for the project because the delivery address is specified on the invoices as c/o Shepherd Const., Students Accom., Oscott Road, Perry Barr., Birmingham. Exhibit AW1.8 contains two further invoices, dated 21 April 1997 and 27 November 1997, each in respect of one DELTA shower cubicle, made out to Sheringham YHA, Norfolk and Hertfordshire Hostel (YMCA), Watford respectively. As Mr. Malynicz acknowledged, every case in which passing off is alleged turns on its own facts (*Kerly's Law of Trade Marks and Trade Names*, 14<sup>th</sup> Edition, para. 15-015). I do not accept the Opponent's contention that the Hearing

Officer made an error of principle in determining that the Applicant had protectable goodwill in DELTA prior to the Opponent's user.

15. The second ground of appeal, insofar as I understand it, is that even assuming a localised goodwill, the application for registration must be considered on the basis of notional and fair use of the mark throughout the UK (*WILD CHILD*, supra.). Since the Hearing Officer found that the Opponent had a national goodwill, the Applicant could be prevented from trading outside the area of the Applicant's localised goodwill through an action of passing off. The Opponent relied on *A. Levey v Henderson-Kenton (Holdings) Limited* [1974] RPC 617 and *Cavendish House (Cheltenham) Limited v Cavendish-Woodhouse Limited* [1968] RPC 448 and I was directed to paras. 9-91 – 9-93, *The Law of Passing-Off, Unfair Competition by Misrepresentation*, 3<sup>rd</sup> Edition, C. Wadlow. In *Levey*, the plaintiff who had run a department store business in Newcastle-upon-Tyne under the name "Kentons", was granted an injunction until trial to prevent the defendant from opening a furniture and furnishings shop under the name "Kentons" in Newcastle or the Newcastle area. The defendant group already operated "Kentons" shops in the South of England. *Cavendish* involved similar facts but also the issue of delay.
16. Mr. Brandreth expressed the view that that the second ground of appeal was in reality tied into the first ground. Nevertheless he was content to deal with it separately. Mr. Brandreth for his part says:
  - (a) The Hearing Officer did not determine that the Applicant had merely a localised goodwill. That is clear from para. 19 of the decision where the Hearing Officer says "... within the Midlands area, at least, the applicant had goodwill in 1997"<sup>2</sup> and para. 23 when he refers to the observation of Oliver L.J. in *Habib Bank* regarding concurrent goodwill.
  - (b) Even if the Hearing Officer did so determine, there is no rule of law that a localised goodwill attracts only a localised protection.
17. Mr. Brandreth relied on *Chelsea Man Menswear Limited v Chelsea Girl Limited* [1987] RPC 189 and *Croom's Trade Mark Application* [2005] RPC 23 both of which were mentioned by the Hearing Officer in his decision. In *Chelsea Man*, the Court of Appeal was specifically referred to the *Levey* case as a precedent for a geographically limited injunction. The Court of Appeal rejected counsel for the defendants' contention that in order to justify a nationwide injunction the plaintiffs needed to establish nationwide reputation. There was no point of principle beyond the general requirement that that the injunction should afford reasonable protection against passing off (per Nourse L.J.) Although the plaintiffs' CHELSEA MAN shops were located only in Coventry, London and Leicester<sup>3</sup>, the important factor was that the defendants intended to open CHELSEA MAN shops up and down the country. Whitford

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<sup>2</sup> In answer to the Opponent's contention that the use demonstrated by the Applicant was inter alia geographically too limited to be protected by the law of passing off.

<sup>3</sup> And it was accepted, at least in the Court of Appeal, that the plaintiffs' goodwill was not nationwide.



J.'s grant of an interlocutory injunction unrestricted by geographical limitation was affirmed.

18. Mr. Brandreth submits that *Croom's* case is directly in point. In *Croom*, Mr. Geoffrey Hobbs sitting as the Appointed Person said:

“45. I understand the correct approach [under section 5(4)(a)] to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

- (a) the senior user prevails over the junior user;
- (b) the junior user cannot deny the senior user's rights;
- (c) the senior user can challenge the junior user unless and until it is inequitable for him to do so.

46. The statutory provisions carried forward into Sections 7, 11 and 12 of the Trade Marks Act 1938 reflected these principles: see CLUB EUROPE Trade Mark [2000] RPC 329 at pages 342 to 344. The principles themselves are, in my view, deducible from:

- (a) the right to protection conferred upon senior users at common law (see CHIPIE Trade Mark [2000] FSR 814 (PC) at pages 818, 819 per Lord Clyde and AL BASSAM Trade Mark [1995] RPC 511 (CA) at page 522 per Morritt L.J.);
- (b) the common law rule that the legitimacy of the junior user's use of the mark in issue must normally be determined as of the date of its inception (see J.C. Penney Co. Inc. v. Penneys Ltd [1975] FSR 367 (CA) at page 381 per Buckley L.J., Cadbury Schweppes Pty Ltd v. Pub Squash Co. Pty. Ltd [1981] RPC 429 (PC) at page 494 per Lord Scarman; Anheuser-Busch Inc v. Budejovicky Budvar NP [1984] FSR 413 (CA) at page 462 per Oliver L.J., page 471 per O'Connor L.J. and page 473 per Dillon L.J.); and
- (c) the potential for co-existence to be permitted in accordance with equitable principles (see GE Trade Mark [1973] RPC 297 (HL) at pages 325 *et seq* per Lord Diplock and Anheuser-Busch Inc v. Budejovicky Budvar NP [2000] I.P. & T. 617 (CA) at pages 629 and 630 per Peter Gibson L.J., pages 632 and 633 per Judge L.J. and page 637 per Ferris J.).”

19. Likening the present case to *Croom* Mr. Brandreth argued:

- (i) The contended bases are the same. The respective marks could not have been used concurrently in respect of the goods for which

registration was sought because of the common elements - *Croom*, para. 47.

- (ii) The registration applied for is a fair representation of what the Applicant has actually used its mark on - *Croom*, para. 48.
  - (iii) The Applicant had not established a national goodwill but it was sufficiently substantial to establish prior rights to the mark in respect of the particular goods – *Croom*, para. 49 cf. *Chelsea Man*, supra.
  - (iv) There was no sustainable suggestion of inequitable behaviour on the part of the Applicant – *Croom*, para. 50.
  - (v) The section 5(4)(a) objection should have been rejected – *Croom*, para. 51.
20. Mr. Malynicz sought to distinguish *Croom* and *Chelsea Man* on the basis that both involved clothing businesses with a number of retail outlets. Mr. Brandreth contended that it was inappropriate to treat the Applicant's business as purely local since it involved the manufacture and supply of shower cubicles for installation at sites in other parts of the country by contractors/sub-contractors who themselves moved from site to site. Mr. Brandreth also made the point, which I agree with, that this is again an issue of substantiality. Moreover, I agree with him that there may be some eliding of relevant dates. In order to determine whether the Opponent is entitled to rely on section 5(4)(a) at the application date it is necessary to look at the position when the parties' uses first clashed, i.e., March 1999.
21. I have carefully considered the Hearing Officer's decision in the light of Counsels' submissions and the authorities to which I was referred. I have detected no error of principle in that decision such as would make it appropriate for this tribunal to interfere. In my judgement, the Hearing Officer reasonably concluded that the Applicant was the senior user in the area of conflict he was considering and that the Opponent had no grounds under section 5(4)(a) for objecting to the application.

### **Conclusion**

22. In the result, the appeal has not succeeded. The Hearing Officer ordered the Opponent to pay to the Applicant the sum of £1000 in respect of the opposition and I direct that the Opponent additionally pay the Applicant £1000 towards the costs of this appeal on the same terms as ordered by Mr. Salthouse.

Professor Ruth Annand, 27 April 2006

Mr. Simon Malynicz instructed by Messrs. Marks & Clerk appeared as counsel on behalf of the Opponent

Mr. Benet Brandreth instructed by Messrs. Appleyard Lees appeared as counsel on behalf of the Applicant